
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

January 2012

Program ID/Title: AGS-102/Expenditure Examination

Contact Person/Phone: Sheila K. Walters/586-0650

I. Goal

The primary goal of the program is to ensure that the State's payments conform to established standards of propriety and legality and are made promptly.

II. Objectives and Policies

- A. To ensure that payments conform to existing laws, administrative rules, executive orders, and are proper.
- B. To ensure that payments are made promptly, the program will explore various options that may expedite the payments to contractors, vendors, employees, and third party payees.

III. Action Plan with Timetable

- A. Objective/Policy #1 – Confirmation that pre-auditing activities conform to existing laws, administrative rules, executive orders, and are proper.
 - 1. Required Action – The program will review Hawaii Administrative Rules relating to procurement.
 - a. Meet with State Procurement Office staff to confirm program's application of the Hawaii Administrative Rules as they pertain to source selection, use of HEPS, etc.
 - b. Determine if Comptroller's Memorandums need to be issued to inform departments and agencies of any changes in our requirements.
 - 2. Required Action – The program will review State and Federal laws for any changes to reporting requirements.

- a. Determine if Comptroller's Memorandums need to be issued to inform departments and agencies of any changes to implement any new requirements.
- b. Determine if changes in reporting requirements involve form revisions to allow for new reporting requirements which would be met by AGS 101 – Accounting System Development and Maintenance Program.

3. Implementation Timetable

- a. Past Year Accomplishment – Attended several meetings with State Procurement Office staff to establish uniform interpretation of Chapter 103D contract requirements.
- b. One Year – Continue review of Hawaii Administrative Rules, State and Federal laws, and Attorney General's contract forms to determine if any changes to contract encumbrance, payment and reporting procedures are required.
- c. Two Year – Implement any changes that may be required and provide training, if required.
- d. Five Year – Perform global review of existing contract and vendor payment processing procedures to confirm existing laws, rules, and orders are being complied with and reporting procedures are met.

B. Objective/Policy #2 – Prompt payment of the State's contractors, vendors, third party payees, and State employees.

- 1. Required Actions – The program will continue to maintain five working day turnaround for the State's contractors and vendors.
 - a. Determine whether current pre-audit procedures need to be revised for any changes impacting the program's "Objective/Policy #1".
 - b. Implement any changes in pre-audit procedures that do not negatively impact pre-audit responsibility.

2. Implementation Timetable

- a. Past Year Accomplishment – Began review to determine how prompt payment was negatively impacted by staffing reductions due to

retirements and non-filling of vacant positions in departmental fiscal operations.

- b. One Year – Begin review and subsequent implementation of ACH payments of net pay to financial institutions receiving electronic data. Continue planning for implementation of ACH or other electronic payment process for Unemployment Benefits.

Meet with ICSD staff to plan conversion to paperless payroll change schedules and with departments on departmental requirements for paperless payroll change schedules.

- c. Two Year – Implement paperless payroll change schedules.
- d. Five Year – Meet with Systems Accounting Branch and other agencies to determine whether other forms of payment including extension of the ACH method would be appropriate to the FAMIS contract and vendor payments.

IV. Performance Measures

- A. Customer Satisfaction measure – Departmental personnel responsible for contracting and vouchering will be provided clear and consistent guidelines and hopefully reduce frustration from rejected contracts and payments.
- B. Program Standard measure – Number of “Audit Correction Slips” issued after issuance of new policies and procedures.
- C. Cost Effectiveness measure – Timely contract encumbrances and reduction in late interest payments.